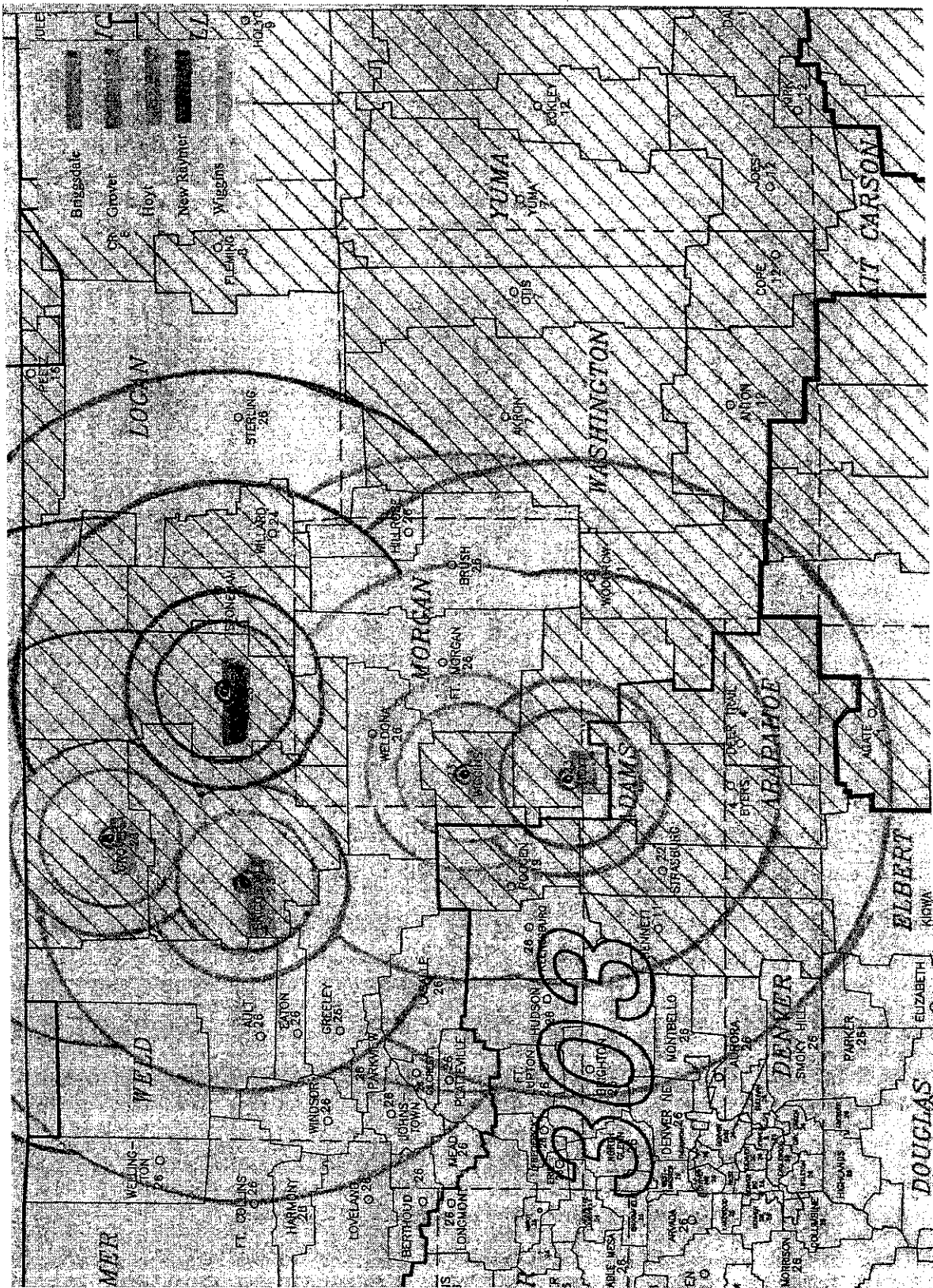


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# **EXHIBIT C**



## **CERTIFICATE OF SERVICE**

I hereby certify that on this 14<sup>th</sup> day of May, 2002, a true and correct copy of the foregoing **VERIFIED APPLICATION** was served via facsimile transmission, hand delivery, or placed in the United States mail, first-class postage prepaid, addressed to the following:

Irene M. Flannery  
Vice President  
High Cost and Low Income Division  
Universal Service Administrative Company  
2120 L. Street, N.W.  
Suite 600  
Washington, DC 20037

Ken Reif  
Consumer Counsel  
Office of Consumer Counsel  
1580 Logan Street  
Suite 740  
Denver, Colorado 80203

Larry Aisenbrey  
General Manager  
North Eastern Colorado Cellular  
1224 West Platte Avenue  
Fort Morgan, Colorado 80701

Dated this 14<sup>th</sup> day of May, 2002.

By: Dwight E. Schmitt  
Dwight E. Schmitt  
CEO/General Manager

Wiggins Telephone Association  
414 Main Street  
PO Box 690  
Wiggins, Colorado 80654  
Telephone: (970) 483-7343  
Fax: (970) 483-7713

RECEIVED  
STATE OF COLORADO  
PUBLIC UTILITIES COMM.**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

OCT 16 PM 3:16

DOCKET NO. 02A-276T

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IN THE MATTER OF THE APPLICATION OF WIGGINS TELEPHONE  
ASSOCIATION FOR APPROVAL OF ITS DISAGGREGATION PLAN

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**STIPULATION AND SETTLEMENT AGREEMENT**

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Wiggins Telephone Association ("WTA"), the Office of Consumer Counsel ("OCC"), and Trial Staff of the Public Utilities Commission of the State of Colorado ("Staff") (collectively the "Stipulating Parties" or the "Parties"), through their undersigned counsel, enter into this Stipulation and Settlement Agreement ("Stipulation") regarding the Application for approval of its Path Two Disaggregation Plan filed by WTA in the instant docket. The Parties submit this Stipulation for approval by the Colorado Public Utilities Commission (the "Commission" or the "PUC") pursuant to Rule 83(a) of the Commission's Rules of Practice and Procedure, 4 CCR 723-1-83(a).

**HISTORICAL BACKGROUND**

1. Under the provisions of Title 47 of the Code of Federal Regulations (CFR), Part 54, Section 54.315, all rural incumbent local exchange carriers for which high-cost universal service support is provided pursuant to Sections 54.301, 54.303, and/or 54.305 of subpart B, subpart K of Part 54 and/or subpart F of Part 36, of chapter I of the CFR, must select a disaggregation path for the disaggregation and targeting of support received by such rural incumbent local exchange carriers.

The selection of the path choice was to be accomplished on or before May 15, 2002. Three alternative disaggregation path choices are described in Section 54.315:

Path 1: Carriers Not Disaggregating and Targeting High Cost Support. Any carrier selecting Path 1 was directed to certify to the state commission that it will not disaggregate and target high-cost universal service support. That is, support will continue to be provided on an average per line basis for the entire study area. The Path selection becomes effective upon certification to the state commission and remains in place for such carrier for at least four years from the date of certification to the state commission except that a state commission may require, on its own motion, upon petition by an interested party, or upon petition by the rural incumbent local exchange carrier, the disaggregation and targeting of support under 54.315(c) (Path 2) or 54.315(d) (Path 3).

Path 2: Carriers Seeking Prior Regulatory Approval for the Disaggregation and Targeting of Support. Carriers electing to disaggregate and target support under this path must file a disaggregation and targeting plan with the state commission. Carriers choosing Path 2 may propose any method of disaggregation and targeting of support consistent with the general requirements that were detailed in paragraph (e) of Section 54.315. A Path 2 disaggregation plan becomes effective upon approval by the state commission. Approved Path 2 disaggregation plans remain effective for at least four years from the date of approval by the state

commission except that a state commission may require, on its own motion, upon petition by an interested party, or upon petition by the rural incumbent local exchange carrier, the disaggregation and targeting of support in a different manner.

Path 3: Self-certification of the Disaggregation and Targeting of Support. A carrier may file a disaggregation and targeting plan with the state commission along with a statement certifying each of the following:

- (i) It has disaggregated support to the wire center level; or
- (ii) It has disaggregated support into no more than two cost zones per wire center; or
- (iii) That the carrier's disaggregation plan complies with a prior regulatory determination made by the state commission.

There are a number of additional requirements of a Path 3 filing that all plans be supported by a description of the rationale used, including methods and data relied upon. Such filings must provide information sufficient for interested parties to make a meaningful analysis of how the carrier derived its disaggregation plan. The plan must be reasonably related to the cost of providing service for each disaggregation zone within each disaggregated category of support. The plan must clearly specify the per-line level of support for each category of high-cost universal service support. If the Path 3 plan uses a benchmark, the carrier must provide detailed information explaining what the benchmark is and how it was determined. The benchmark must be generally consistent with how the total study area level of support for each category of costs is derived to enable a competitive eligible telecommunications carrier to compare the disaggregated

costs used to determine support for each cost zone. Like Path 1 filings, a Path 3 plan becomes effective upon certification to the state commission will remain effective for at least four years from the date of certification to the state commission except that a state commission may require, on its own motion, upon petition by an interested party, or upon petition by the rural incumbent local exchange carrier, the disaggregation and targeting of support in a different manner.

2. There are additional requirements that must be met by a carrier electing to file either a Path 2 or a Path 3 Disaggregation Plan. Under the provisions of 47 CFR Section 54.315(e): Additional Procedures Governing the Operation of Path 2 and Path 3:

Disaggregation and targeting plans adopted under Path 2 or Path 3 shall be subject to the following general requirements:

- (1) Support available to the rural incumbent local exchange carrier's study area under its disaggregation plan shall equal the total support available to the study area without disaggregation.
- (2) The ratio of per-line support between disaggregation zones for a disaggregated category of support shall remain fixed over time, except as changes are allowed pursuant to paragraphs (c) and (d) (Section 54.315 (c) and (d)).
- (3) The ratio of per-line support shall be publicly available.
- (4) Per-line support amounts for each disaggregation zone shall be recalculated whenever the rural incumbent local exchange carrier's total annual support amount changes using the changed support amount and lines at that point in time.

- (5) Per-line support for each category of support in each disaggregation zone shall be determined such that the ratio of support between disaggregation zones is maintained in that the product of all the rural incumbent local exchange carrier's lines for each disaggregation zone multiplied by the per-line support for those zones when added together equals the sum of the rural incumbent local exchange carrier's total support.
3. In its Fourteenth Report and Order in CC Docket No. 96-45, released May 23, 2001, the FCC, in paragraph 150 of the Order stated the following: "Because there are no constraints on disaggregation and targeting proposals under Path Two, a carrier could disaggregate and target support to multiple levels below a disaggregation area, a disaggregation and targeting method can be tailored with precision, subject to state approval, to the cost and geographic characteristics of the carrier and the competitive and regulatory environment in which it operates. Thus, this path provides the highest flexibility in the development of the disaggregation plan, but at the same time provides for regulatory approval to ensure that the methodology implemented is competitively neutral."
4. The Universal Service Fund (USF) has a number of separate programs. For the purpose of this proceeding, the support provided to WTA under four of those programs is involved. In the Communications Act of 1934, Congress proclaimed that "all people of the United States" shall have access to a "rapid, efficient, nationwide...communications service with adequate facilities at reasonable charges." In the Telecommunications Act of 1996, Congress further codified and expanded this concept of "universal service."



USF consists of the following four Programs:

- a. High Cost: Provides support to telephone companies that serve high cost areas.
- b. Low Income: Assists low-income consumers by helping to pay for service connection charges as well as monthly charges
- c. Rural Health Care: Allows rural health care providers to pay the same for telecommunications services as their urban counterparts
- d. Schools & Libraries (E-rate): Provides discounted Internet access and telecommunications service to schools and libraries.

Subcategories of support under the High Cost program in addition to high cost loop support includes the following:

Interstate common line support (ICLS)

Interstate common line support (ICLS) is another mechanism that helps to offset interstate access charges for rate-of-return companies. Only rate-of-return carriers, or competitive carriers serving in the service area of a rate-of-return carrier, are eligible to receive interstate common line support. The support mechanism becomes effective on July 1, 2002 and the funding year runs from July 1 through June 30 of each year.

Long term support (LTS)

Long term support (LTS) helps to offset interstate access charges for rate-of-return regulated carriers. It was established in 1989 when mandatory pooling of interstate common line expenses and revenues was no longer required. In 1998, long term support became an explicit part of the high cost universal service support mechanism.

Long term support is available only for carriers participating in the NECA pooling process. NECA pool participants receive a per-line monthly support amount from the high cost universal service support mechanism. Eligible carriers do not need to submit any additional data in order to receive long term support.

#### Local switching support (LSS)

Local switching support (LSS) provides interstate assistance which is designed to reduce the high fixed switching costs for companies serving fewer than 50,000 lines. Prior to 1998, this support was known as Dial Equipment Minute, or DEM, weighting, and was recovered from interstate switched access charges. In 1998, DEM weighting was removed from local switching rates, established as local switching support, and made an explicit part of the high cost universal service support mechanism.

5. On May 15, 2002, WTA filed its verified application, Docket No. 02A-276T, for Colorado Commission approval of a Path 2 disaggregation plan. WTA also filed with the Federal Communications Commission ("FCC"), a copy of its proposed Path 2 disaggregation plan in compliance with 47 CFR Section 54.315.

6. On June 24, 2002, WTA made its Supplemental Filing. Included with that filing were revised maps of the WTA exchanges, identifying the boundaries of the designated disaggregation zones of support within the WTA study area by township and range. Second, disaggregation of support was proposed into five zones by wire center. Third, WTA provided an Exhibit that identified the total amount of support, per line, per month, by each support category and a separate Exhibit that provided information concerning the total loop cost support for each of the five zones in the five disaggregation areas. Finally, an Exhibit detailing the reconciliation of the plan aggregate support with the total actual study area loop support currently received by WTA was included.
7. On August 23, 2002, WTA filed the Direct Testimony and Exhibits of Keith Clayton supporting its Path Two, five zone filing.
8. On October 1, 2002, Staff filed the Direct Testimony and supporting Exhibits of Gary A. Klug and the OCC filed the Testimony and Exhibits of Patricia A. Parker. Both Staff and OCC contested the WTA Application, its proposed Disaggregation Plan, and its methodology for the allocation of costs per line. Each suggested disaggregation of WTA's exchanges into three zones and also suggested a different methodology than that proposed by WTA for the allocation of support for USF, LTS, ICLS and LSS.

## **AGREEMENT**

WHEREFORE, based on their review of all testimony and exhibits submitted and upon their settlement discussions, the Parties hereby stipulate and agree as follows:

### **Stipulated WTA Path Two Disaggregation Plan**

1. WTA is a rural telecommunications provider under the provisions of both federal and state law. See, 47 U.S.C. Section 154(37) and 40-15-104(25), C.R.S.
2. The Stipulated WTA Path Two Disaggregation Plan consists of the following elements: (a) disaggregation of the WTA Study Area support by five disaggregation service areas (the Briggsdale, New Raymer, Grover and Wiggins' exchanges and the Hoyt disaggregation area (a former exchange); (b) allocation of support into four zones per exchange or disaggregation service areas; and (c) allocation of support per line in each exchange or disaggregation service area and per zone for USF, LTS and ICLS as set forth in Exhibit A; and allocation of LSS support per line per exchange per zone as set forth in Exhibit B. WTA's investment per exchange and disaggregated service area is also set forth in Exhibit A. A reconciliation outlining the total amount of support provided by this Path Two Disaggregation Plan and tying that total support amount to the total amount of support currently received by WTA is set forth in Exhibit C. Exchange maps identifying the boundaries of the four zones per exchange (or disaggregation area) with metes and bounds legal descriptions are attached as Exhibit D.
3. The stipulated WTA Path Two Disaggregation Plan meets the requirements of 47 CFR Section 54.315(e) as outlined below.
4. The stipulated WTA Path Two Disaggregation Plan is competitively neutral in its impact and effect as outlined below.

### **Disaggregation Plan Rationale**

5. The WTA Path Two Disaggregation Plan was developed as follows. The WTA study area encompasses approximately 2150 square miles and WTA serves approximately 1730 residential and business subscribers. The cost per loop of the plant varies considerably from one subscriber to another subscriber depending on the route miles from the central office and density of subscribers. WTA determined that its support for costs that exceeded the nationwide average should be applied to those subscribers with the highest costs or that support should be matched to those subscribers incurring the costs. WTA directed that a study of its costs be completed to properly allocate support to those subscribers whose cost to serve exceeded the nationwide average.

### **The WTA Study**

6. The cost per loop was calculated using WTA outside plant staking sheets which shows all of the cable sizes, footages, locations of each current and previous subscribers, and the location of cable that has not been removed in anticipation of future subscribers seeking service. From each staking sheet the study included recording the cables sizes, footages, pedestals, routes, subscriber locations, house numbers, and cable pair numbers utilized to provide the service to the disaggregation service areas. This information was input into a computer program, which was used to determine the cost of cable plant to each subscriber. All cable recording started at the central office and went from pedestal to pedestal and continued on until the end of the line was reached. At each pedestal any lines or tributaries leaving the pedestal were recorded before the next pedestal was recorded. At the conclusion of

collecting the information, the collected information was sent to WTA to verify its accuracy. The updated information provided by WTA replaced the original information. At this point the study utilized the WTA continuing property records ("CPR") by exchange prepared and maintained by WTA to determine the cost of each section of cable, based on the cost per foot and the number of feet involved by exchange. Using the cable pair number assigned to provide service to the terminating location, it was determined if carrier equipment was used to provide service to a subscriber. The subscriber carrier equipment by exchange was allocated to the subscriber location based on the average cost of subscriber carrier per location by exchange. This information was then used to determine the cost or gross investment of cable and subscriber carrier by subscriber location.

The switching plant or the switches were allocated by exchange over each of the subscribers equally. The switching plant located at Briggsdale, Grover and New Raymer was allocated over their respective subscribers evenly. Thirty percent of the Wiggins exchange switch was allocated to the Wiggins exchange only. Thirty percent was the factor adopted by the FCC to determine the common line portion or non traffic sensitive portion of each switch to be moved from switching to common line and includes the line ports or terminations and related equipment. The remaining seventy percent of the switch plant located in the Wiggins exchange, which is used by all of the subscribers throughout WTA, was allocated to all of WTA subscribers. The General and Support Facilities were then allocated to each subscriber based on the gross investment in Central Office Equipment and Cable and

Wire Facilities combined. This is the same methodology of allocating General and Support Facilities utilized in Title 47 Code of Federal Regulations Part 36 Jurisdictional Cost Separations.

The interstate rate of return of 11.25 percent was used in the calculation of return on investment. Since WTA is a cooperative and not subject to the income tax there was no gross up for the income tax.

Direct expenses and depreciation expense were allocated to each subscriber on the basis of the related plant investment previously allocated, pursuant to the methodology used in 47 CFR, Part 36. Network operations expenses were allocated to each subscriber by the proportion of gross investment in Central Office Equipment and Cable and Wire Facilities combined pursuant to the methodology used in 47 CFR, Part 36. The General and Administrative expenses were allocated to each subscriber based on the allocation of the big three expenses, namely direct expenses, network administration expense and customer service expense, pursuant to 47 CFR, Part 36 Jurisdictional Cost Separations. Other expenses were allocated on the basis of investment in Central Office Equipment and Cable and Wire Facilities combined which would generate an difference of less than eight one hundreds of an percentage, if allocated pursuant to 47 CFR, Part 36 Jurisdictional Cost Separations.

#### **USF, LTS and ICLS Support Disaggregation Methodology**

7. For the purpose of this Settlement, the parties agree to adopt the methodology set forth in Confidential Exhibit 10 of Staff Witness Gary A. Klug, except that all parties agree to incorporate four zones rather than the three zones contained

in Confidential Exhibit 10. (a) Staff developed an annual revenue requirement factor from the data submission of WTA to the Universal Service Administrative Company (USAC) for the development of the 2002 (USF support). The annual revenue requirement factor is equal to the WTA Study Area USF Cost per Loop divided by the average investment per Study Area Loop. The average investment per Study Area Loop is equal to the sum of the Cable and Wire Facilities (C&WF) assigned to CAT 1, plus the COE Circuit Equipment CAT 4.13, plus the Material and Supplies Assigned to C&WF CAT 1, and the Materials and Supplies Assigned to COE CAT 4.13. (b) From the WTA Raw Data Worksheet, Staff aggregated the customers into the proposed four zones for each of the five wire centers. Staff then computed the average loop investment for each of the proposed four zones for each of the five wire centers. (c) The average investment per loop for each zone and each wire center was multiplied times the annual revenue requirement factor to produce a wire center and zone specific (e.g., service area specific) average per loop cost. (d) Using the USF process whereby by the FCC assigns 75% of the average per loop cost that is over 150% of the national average unseparated NTS revenue requirement plus 65% of the average per loop cost that is between 115% and 150% of the national average unseparated NTS revenue requirement, an amount of USF support per loop was determined for each of the five wire centers and each of the four zones based on the loop investment information contained in the WTA worksheet. (e) Each of the wire center, zone specific average supported cost values was multiplied times the number



of loops contained in the WTA worksheet for each zone of each wire center to produced a total monthly support for each zone. All zones were totaled and this result was then divided by the total loops contained in the WTA study. This produced an average monthly per loop support value. (f) The average monthly per loop support value from the previous step was divided into each of the average cost per loop values for each wire center and for each zone to produce a ratio of the wire center – zone specific costs to the total average monthly support value. These ratios are then used to disaggregate a monthly USF support per loop into zone and wire center specific values. (g) In order to determine the disaggregated amount of USF support for a given month for each zone of each wire center, the ratios developed in the proceeding step are multiplied times the monthly support per loop provided by USAC to WTA. These same ratios are applied to the monthly LTS and ICLS average support per loop to produce the disaggregated LTS and ICLS support by zone by wire center. (h) Using the 4<sup>th</sup> quarter 2002 USAC estimated payment to WTA, disaggregated USF, LTS and ICLS were developed. The development of the ratios for each zone and the application of these ratios to the 4<sup>th</sup> quarter 2002 USAC estimated monthly payment to WTA are presented in Exhibit A to this Stipulation. (i) The following is a summary of the ratios developed by this process:

		USF/LTS/IC LS SUPPORT RATIO
Briggsdale	Zone 1	0.000
	Zone 2	1.201
	Zone 3	2.375
	Zone 4	4.816
New Raymer	Zone 1	0.000
	Zone 2	0.469
	Zone 3	2.420
	Zone 4	4.201
Grover	Zone 1	0.000
	Zone 2	2.140
	Zone 3	4.695
	Zone 4	5.423
Hoyt	Zone 1	0.000
	Zone 2	1.032
	Zone 3	2.743
	Zone 4	6.239
Wiggins	Zone 1	0.000
	Zone 2	0.299
	Zone 3	2.885

### **Support Reconciliation**

8. To satisfy the requirements of 47 CFR Section 54.315(e), the parties attach Exhibit C which demonstrates both that the support available to WTA' Study Area under its Disaggregation Plan equals the total support available to the Study Area without disaggregation and also shows that per-line support for each category of support in each disaggregation zone is such that the ratio of support between disaggregation zones is maintained in that the product of all of WTA's lines for each disaggregation zone

multiplied by the per-line support for those zones when added together equals the sum of WTA's total support.

### **Life of the Plan**

9. The WTA Disaggregation Plan will be in force and effect for a period of four years or such other length of time as determined by the FCC, or as the Company files for a modification of the ratios set forth herein, or as the Colorado Public Utilities Commission may require.

### **Maps**

10. Exchange area maps for the four WTA exchanges and the one disaggregation area (Hoyt) with metes and bounds legal descriptions of the locations of each of the four zones within each such exchange are attached as Exhibit D.

## **GENERAL PROVISIONS**

11. Without waiving any of their respective positions stated in this case, WTA, Staff and OCC all desire to end further uncertainty in litigation by entering into this Stipulation. Accordingly, the Parties hereby agree to be bound to the terms of this Stipulation.

12. This Stipulation is a settlement of disputed and compromised claims and accordingly, this Stipulation is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Stipulation. No precedential effect or other significance, except as may be necessary to enforce this Stipulation or a Commission order concerning this

Stipulation, shall be attached to any principle or methodology contained in this Stipulation.

13. All witnesses of the Parties will support all aspects of the Stipulation and Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Stipulation. Each Party also agrees that, except as expressly provided in this Stipulation, it will take no action in any administrative or judicial proceeding, which would have the effect, directly or indirectly, of contravening the provisions of this Stipulation. Without prejudice to the foregoing, the Parties expressly reserve the right to advocate positions different from those stated in this Agreement in any proceeding other than one necessary to obtain approval of, or enforce this Stipulation or a Commission order approving this Stipulation. Nothing in this Stipulation shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Stipulation.

14. This Stipulation shall not become effective until the Commission issues a final order approving the Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to any of the Parties to the Stipulation. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party hereto, that Party may withdraw from the Stipulation and shall so notify the Commission and the other Parties to the Stipulation in writing within ten (10) days of the date of the Commission order. In the event a Party exercises its right to withdraw from the Stipulation, this Stipulation shall be null and void and of no effect in this or any other proceedings.

15. In the event this Agreement becomes null and void or in the event the Commission does not approve this Stipulation, this Stipulation, as well as the negotiation undertaken in conjunction with the Stipulation, shall not be admissible into evidence in these or any other proceedings.

16. The Parties state that they have reached this Stipulation by means of a negotiated process that is in the public interest, and that the results reflected in this Stipulation are just, reasonable and in the public interest. Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable, and reasonable resolution of all issues, which were or could have been contested by the Parties with respect to the WTA Application.

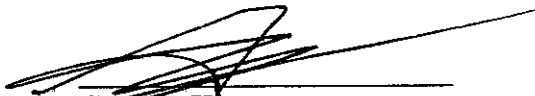
17. This Stipulation is an integrated agreement that may not be altered by the unilateral determination of any Party.

18. This Stipulation may be executed in separate counterparts, including facsimile. The counterparts taken together shall constitute the Stipulation and Settlement Agreement. The Parties represent that the signatories to the Stipulation have full authority to bind their respective parties to the terms of the Stipulation.

WHEREFORE, the Parties respectfully submit this Stipulation and Settlement Agreement for approval by the Commission and request that the Commission grant such approval.

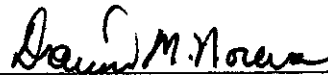
Dated this 16<sup>th</sup> day of October, 2002.

**FOR THE STAFF OF THE  
COLORADO PUBLIC UTILITIES  
COMMISSION**



Gary A. Klug  
Colorado Public Utilities Commission  
1580 Logan Street, OL-1  
Denver, Colorado 80220  
Tele: 303-894-2876

**APPROVED AS TO FORM:**



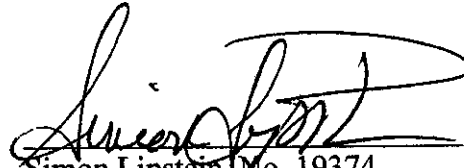
David Nocera, No. 28776  
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1525 Sherman Street, 5th Floor  
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**FOR THE OFFICE OF  
CONSUMER COUNSEL**



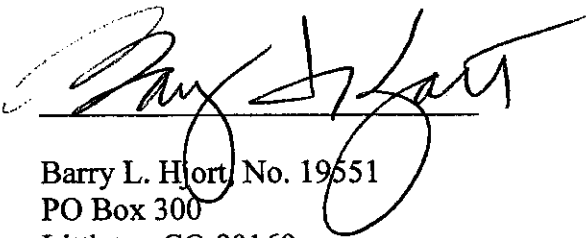
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**APPROVED AS TO FORM:**



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**Wiggins Telephone Association, Inc.**

BY: 

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Tele: 303.795.8080  
Fax: 303.795.1266

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

DOCKET NO. 02A-276T

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IN THE MATTER OF THE APPLICATION OF WIGGINS TELEPHONE ASSOCIATION FOR  
APPROVAL OF ITS DISAGGREGATION PLAN.

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**RECOMMENDED DECISION OF  
ADMINISTRATIVE LAW JUDGE  
KEN F. KIRKPATRICK  
ACCEPTING STIPULATED DISAGGREGATION PLAN**

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Mailed Date: December 13, 2002

Appearances:

Barry Hjort, Esq., Littleton, Colorado, for the Wiggins Telephone  
Association;

David Nocera, Assistant Attorney General, Denver, Colorado, for  
the Staff of the Commission;

Simon Lipstein, Assistant Attorney General, Denver, Colorado, for  
the Office of Consumer Counsel; and

Craig Joyce, Esq., Denver, Colorado, and David A. LaFuria, Esq.,  
Washington, D.C., for N.E. Colorado Cellular, Inc.

**I. STATEMENT**

1. This application was filed on May 15, 2002, by the Wiggins Telephone Association (WTA). The Commission gave notice of it on June 16, 2002. Timely interventions were filed by the Staff of the Public Utilities Commission (Staff); by the Colorado Office of Consumer Counsel (OCC); and N.E. Colorado Cellular, Inc. (NECC).

2. A prehearing conference was held on July 16, 2002, and the matter was heard on October 24, 2002. During the course of the hearing Exhibits 1 through 7 were identified and offered. Exhibits 1 through 4, 6, and 7 were admitted. At the conclusion of the hearing the



parties were authorized to file posthearing statements of position no later than November 15, 2002. All parties filed timely statements of position.

3. In accordance with § 40-6-109, C.R.S., the undersigned now transmits to the Commission the record in this proceeding along with a written recommended decision.

## **II. FINDINGS OF FACT**

4. WTA is a rural telecommunications provider under the provisions of both federal and state law. WTA is required by the Federal Communications Commission (FCC) to disaggregate its service area for the targeting of high cost support.

5. Federal support is composed of several programs at issue in this proceeding. These are the Universal Service Fund (USF) (which itself has several components); long term support (LTS), interstate common line support (ICLS), and local switching support (LSS).

6. There are three paths provided for disaggregation in both the FCC rules<sup>1</sup> and this Commission's rules.<sup>2</sup> WTA selected a Path 2 filing. Path 2 is for a carrier that seeks prior regulatory approval for the disaggregation and targeting of support from the appropriate state commission, in this case the Colorado Public Utilities Commission. Carriers choosing Path 2 may propose any method of disaggregation and targeting consistent with certain general requirements applicable to all paths, as well as specific requirements for Path 2 proposals. The purpose of such disaggregation is to accurately target high cost support to areas of high cost, in a competitively neutral manner. Any such plan approved and adopted will be in effect for at least four years. It is important to note that the total support to WTA will not decline during this four-

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<sup>1</sup> 47 C.F.R. § 54.315